

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Robert G. Taub, Vice Chairman;
Mark Acton;
Tony Hammond; and
Nanci E. Langley

Modification of Mail Classification Schedule
Regarding Parcel Select Nonpresort

Docket No. MC2013-29

ORDER APPROVING PROPOSED CLASSIFICATION CHANGE
RELATED TO PARCEL SELECT NONPRESORT

(Issued January 25, 2013)

On January 8, 2013, the Postal Service filed a notice pursuant to 39 C.F.R. 3020.90 and 3020.91 concerning a minor classification change related to Parcel Select Nonpresort.¹ The Commission accepts the classification change described in the Postal Service's Notice.

Description of the classification change. The Postal Service proposes to amend the Mail Classification Schedule (MCS) to change Parcel Select's minimum volume requirements for nonpresort mailers. Notice at 1. Specifically, the proposed classification language will change the current volume requirement for Parcel Select

¹ Notice of the United States Postal Service of Minor Classification Changes Related to Parcel Select Nonpresort, January 8, 2013 (Notice).

Nonpresort from 50 pieces per mailing to 50 pieces or 50 pounds per mailing for those mailers not making payments by PC Postage. The Postal Service asserts that the change will permit commercial mailers, who meet the new weight requirement, to mail fewer than 50 pieces under certain conditions. The Postal Service states that the change was requested by manifest mailers seeking to send certain residual mailpieces by Parcel Select. *Id.* The proposed effective date of the changes is January 27, 2013 in conjunction with the upcoming price changes.

Supplemental Information. In Order No. 1613, the Commission requested that the Postal Service provide supplemental information to allow the Commission to make an informed decision on the merits of its proposal.² The Commission requested information on the conditions that allow mailers to mail fewer than 50 Parcel Select Nonpresort pieces and the current mailing options for mailers not meeting the current minimum Parcel Select volume requirement. *Id.* at 2. In response, the Postal Service identifies the following conditions that allow mailers to send Parcel Select Nonpresort pieces without minimum volume requirements: (1) when postage is paid through a Postal Service-approved PC Postage system, (2) when part of a mailing of at least 50 Parcel Select pieces, and (3) when part of a combined parcel mailing that already meets the minimum volume eligibility standards for each mail class within the applicable mailing program.³

The Response also describes the current mailing options for commercial mailers sending residual single-piece ground service parcels: (1) Parcel Post,⁴ when part of a combined manifest mailing and when postage is paid using permit imprint, or (2) Parcel

² Notice and Order Concerning Minor Classification Change Related to Parcel Select Nonpresort and Request for Supplemental Information, January 9, 2013 (Order No. 1613). In Order No. 1613, the Commission also docketed the Notice, provided an opportunity for interested persons to comment on the proposed classification change, and appointed a Public Representative. *Id.*

³ Response of the United States Postal Service to Order No. 1613, January 14, 2013, at 2 (Response).

⁴ Effective January 27, 2013, Parcel Post is renamed "Standard Post." See Order No. 1536, Docket No. CP2013-3, Order Approving Changes in Rates of General Applicability for Competitive Products, November 8, 2012, at 4. To avoid confusion, throughout this Order, the Commission refers to this product as "Parcel Post."

Select Nonpresort, when part of a mailing containing at least 50 Parcel Select pieces or as an individual mailing when postage is paid using PC Postage. *Id.* at 3. The Postal Service notes, however, that effective January 27, 2013, mailers will no longer be able to ship packages as Parcel Post using a permit imprint.⁵ Accordingly, the Postal Service states, effective January 27, 2013, mailers using an approved manifest-mailing system (which requires the use of permit imprint) will no longer be able to add residual single-piece Parcel Post items to their manifest mailings. The Postal Service states that even without the MCS change proposed in this docket, manifest-mailers are able to use PC Postage to send single-piece Parcel Select Nonpresort parcels as individual shipments (separate from their manifest mailings). *Id.* However, the Postal Service represents that many mailers requested that the Postal Service continue to allow them to add residual single-piece ground service parcels to their manifest mailings and this docket is the Postal Service's response to that request.

Comments. Comments were filed by the Public Representative.⁶ No other interested party submitted comments. The Public Representative states that it is unclear whether the proposed changes are consistent with 39 C.F.R. 3090.90 and 3020.91 because the changes may affect the cost or market characteristics of the Parcel Select product. PR Comments at 2. He asserts that mailers with residual parcels currently use permit imprint as a postage payment option for Parcel Post.⁷ However, he notes that effective January 27, 2013, the Postal Service is eliminating the permit imprint option for payment of Parcel Post postage. Therefore, he contends that absent the change proposed in this docket, Standard Post would be the only option for residual parcels.

⁵ As of January 27, 2013, Parcel Post will only be available for purchase at the retail counter or by using retail postage payment methods, *i.e.*, meter or stamps. *Id.* at 3 n.3.

⁶ Public Representative Comments on Postal Service Notice of Minor Classification Change Concerning Parcel Select Nonpresort, January 22, 2013 (PR Comments).

⁷ *Id.* at 3. He states that the prices for Parcel Post are generally less than Parcel Select Nonpresort for comparable weights and zones below 30 pounds.

The Public Representative also asserts that the proposed change effectively eliminates the minimum volume requirement and raises questions about the effect on the costs of Parcel Select Nonpresort and Parcel Select. He also contends that the proposed revision could affect the cost of Parcel Post because mailers will likely use Parcel Select Nonpresort rather than Parcel Post. This, the Public Representative argues, may increase the processing costs of Parcel Post because the more uniform shaped and sized parcels with high-quality addressing will shift away from the Parcel Post mailstream. *Id.* at 4.

Commission analysis. The Postal Service proposes to change the minimum eligibility requirements for Parcel Select, a competitive product. Notices filed pursuant to 39 C.F.R. 3020.90 *et seq.* must be minor in nature and may not entail modifying either the market dominant or the competitive product list. A more comprehensive procedure must be followed if the Postal Service wishes to add a product to either the market dominant or competitive product lists, remove a product from one of the lists, or transfer a product between lists. 39 C.F.R. 3020.30. Separate procedures must be followed for rate change proposals. 39 C.F.R. part 3015.

The Public Representative asserts that it is unclear whether the proposed change is consistent with 39 C.F.R. 3020.90 and 3020.91 because the change may affect the cost or market characteristics of the Parcel Select product and also has implications for Parcel Post. PR Comments at 2. In part, the Public Representative's argument relies on an assumption that the elimination of the permit imprint option for Parcel Post is under review in this case. However, this change is not currently before the Commission. This change was published as a payment method change to the Domestic Mail Manual (DMM) in October 2012.⁸ No person has contested that change before the Commission pursuant to 39 U.S.C. § 3662.

Additionally, the Public Representative asserts that the proposal eliminates minimum volume requirements for Parcel Select Nonpresort mailpieces. However,

⁸ See 77 Fed. Reg. 65280, 65282 (October 26, 2012).

mailers already have the option to send Parcel Select Nonpresort mailpieces without any minimum volume requirements so long as they make payments via PC Postage. The proposal simply allows additional payment methods to avoid the 50 piece minimum requirements for Parcel Select Nonpresort by ensuring that the total weight of the Parcel Select Nonpresort mailing is at least 50 pounds. The proposal does not remove a strict minimum volume requirement, rather it allows payment methods in addition to PC Postage to avoid such a requirement.

Accordingly, the Commission does not find that the proposed classification change is inconsistent with the requirements set forth in that statute or the Commission's regulations. The Commission accepts the change specified in the Postal Service's Notice and shall make conforming modifications to the draft MCS.

It is ordered:

1. The proposed change is in accordance with 39 C.F.R. 3020.90 *et seq.* and is not inconsistent with 39 U.S.C. § 3642.
2. Conforming modifications will be made to the draft Mail Classification Schedule.

By the Commission.

Shoshana M. Grove
Secretary